

AMENDED IN SENATE SEPTEMBER 6, 2013

AMENDED IN SENATE SEPTEMBER 3, 2013

AMENDED IN SENATE AUGUST 13, 2013

AMENDED IN SENATE JUNE 11, 2013

AMENDED IN SENATE MAY 24, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 662

**Introduced by Assembly Members Atkins, Dickinson, Mitchell,
Perea, Ting, and Torres**
(Coauthor: Senator Wolk)

February 21, 2013

An act to amend Section 53395.4 of the Government Code, and to amend Sections 34163, 34171, 34177, 34180, 34183, 34191.4, and 34191.5 of the Health and Safety Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 662, as amended, Atkins. Local government: redevelopment: successor agencies to redevelopment agencies.

(1) Existing law authorizes the creation of infrastructure financing districts, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to the division of taxes and voter approval requirements. Existing law prohibits an infrastructure financing district from including any portion of a redevelopment project area.

This bill would delete that prohibition and would authorize a district to finance a project or portion of a project that is located in, or overlaps

with, a redevelopment project area or former redevelopment project area, as specified.

(2) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law prohibits a successor agency from entering into contracts with, incur obligations, or make commitments to, any entity, as specified, or to amend or modify existing agreements, obligations, or commitments with any entity, for any purpose.

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with ~~long-term~~ enforceable obligations, if the contract, agreement, or project will not commit new *property* tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies. ~~The bill would require the successor agency to notify the oversight board at least 10 days prior to entering into or amending a contract or agreement under these provisions. The bill would authorize the oversight board to notify the successor agency during that 10-day period that the board intends to conduct a hearing to determine whether the contract or agreement will not commit new tax funds or otherwise adversely affect the flow of property tax revenues or payments to the taxing agencies and would require the board to hold the hearing and issue findings within 30 days after it so notified the successor agency.~~

(3) Existing law requires a successor agency to submit a Recognized Obligation Payment Schedule to the Department of Finance, and requires the successor agency to make payments pursuant to that schedule.

This bill would authorize the successor agency to schedule Recognized Obligation Payment Schedule payments beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle, or when a payment is shown to be due during the Recognized Obligation Payment Schedule period. The bill would authorize the successor agency to utilize reasonable estimates and projections to support payment amounts where a payment is shown to be due during the Recognized Obligation Payment Schedule period but an invoice or other billing document has not been received, if the

successor agency submits appropriate supporting documentation for the basis of the estimate or projection to the department. The bill would provide that a Recognized Obligation Payment Schedule may also include appropriation of moneys from bonds subject to passage during the Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.

(4) Existing law requires that specified actions of a successor agency be first approved by its oversight board, including, among others, the establishment of a Recognized Obligation Payment Schedule.

This bill would require a successor agency to notify the board 10 days prior to entering into a contract or agreement for the use or disposition of specified properties. The bill would authorize the board to notify the successor agency during that 10-day period that the board intends to conduct a hearing to determine whether the contract or agreement is consistent with the successor agency's long-range property management plan and would require the board to hold the hearing and issue findings within 30 days after it so notified the successor agency.

(5) Existing law requires the county auditor-controller to determine the amount of property taxes that would have been allocated to each redevelopment agency if it had not been dissolved and to deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Existing law requires the conducting of a due diligence review to determine the unobligated balances available for transfer to affected taxing entities. Existing law requires the county auditor-controller for each fiscal year to allocate moneys in the Redevelopment Property Tax Trust Fund for passthrough payment obligations, enforceable obligations of the dissolved redevelopment agency, and administrative costs, as specified. Any remaining moneys in the Redevelopment Property Tax Trust Fund are required to be distributed as local property tax revenues to local agencies and school entities, as specified.

This bill would require that, on January 2, 2014, and twice yearly thereafter until June 1, 2018, funds be allocated to cover the housing entity administrative cost allowance of a local housing authority that has assumed the housing duties of the former redevelopment agency, as specified, before remaining moneys are distributed to local agencies and school entities. The bill would define "housing entity administrative cost allowance" for these purposes. This bill would also exclude from the calculation of the amount distributed to taxing entities during the 2012–13 base year the amounts distributed to taxing entities pursuant

to the due diligence review process. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

(6) Existing law requires a successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of a former redevelopment agency and requires a transfer of the property to the city, county, or city and county if the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, as specified.

This bill would specify that the term “identified in an approved redevelopment plan” includes properties listed in a community plan or a 5-year implementation plan.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(8) *This bill would incorporate additional changes to Sections 34191.4 and 34191.5 of the Health and Safety Code, proposed by AB 564, that would become operative only if this bill and AB 564 are chaptered and become effective January 1, 2014, and this bill is chaptered last.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 53395.4 of the Government Code is
2 amended to read:
3 53395.4. (a) A district may finance only the facilities or
4 services authorized in this chapter to the extent that the facilities
5 or services are in addition to those provided in the territory of the
6 district before the district was created. The additional facilities or
7 services may not supplant facilities or services already available
8 within that territory when the district was created but may
9 supplement those facilities and services as needed to serve new
10 developments.
11 (b) A district may include areas that are not contiguous.
12 (c) A district may finance a project or portion of a project that
13 is located in, or overlaps with, a redevelopment project area or

1 former redevelopment project area. The successor agency to the
2 former redevelopment agency shall receive a certificate of
3 completion, as defined in Section 34179.7 of the Health and Safety
4 Code, prior to the district financing any project or portion of a
5 project under this subdivision.

6 (d) Notwithstanding subdivision (c), any debt or obligation of
7 a district shall be subordinate to an enforceable obligation of a
8 former redevelopment agency, as defined in Section 34171 of the
9 Health and Safety Code. For the purposes of this chapter, the
10 division of taxes allocated to the district pursuant to subdivision
11 (b) of Section 53396 shall not include any taxes required to be
12 deposited by the county auditor-controller into the Redevelopment
13 Property Tax Trust Fund created pursuant to subdivision (b) of
14 Section 34170.5 of the Health and Safety Code.

15 (e) The legislative body of the city forming the district may
16 choose to dedicate any portion of its net available revenue to the
17 district through the financing plan described in Section 53395.14.

18 (f) For the purposes of this section, “net available revenue”
19 means periodic distributions to the city from the Redevelopment
20 Property Tax Trust Fund, created pursuant to Section 34170.5 of
21 the Health and Safety Code, that are available to the city after all
22 preexisting legal commitments and statutory obligations funded
23 from that revenue are made pursuant to Part 1.85 (commencing
24 with Section 34170) of Division 24 of the Health and Safety Code.
25 Net available revenue shall not include any funds deposited by the
26 county auditor-controller into the Redevelopment Property Tax
27 Trust Fund or funds remaining in the Redevelopment Property
28 Tax Trust Fund prior to distribution. Net available revenues shall
29 not include any moneys payable to a school district that maintains
30 kindergarten and grades 1 to 12, inclusive, community college
31 districts, or to the Educational Revenue Augmentation Fund,
32 pursuant to paragraph (4) of subdivision (a) of Section 34183 of
33 the Health and Safety Code.

34 SEC. 2. Section 34163 of the Health and Safety Code is
35 amended to read:

36 34163. Notwithstanding Part 1 (commencing with Section
37 33000), Part 1.5 (commencing with Section 34000), Part 1.6
38 (commencing with Section 34050), and Part 1.7 (commencing
39 with Section 34100), or any other law, commencing on the effective

1 date of this part, an agency shall not have the authority to, and
2 shall not, do any of the following:

3 (a) Make loans or advances or grant or enter into agreements
4 to provide funds or provide financial assistance of any sort to any
5 entity or person for any purpose, including, but not limited to, all
6 of the following:

7 (1) Loans of moneys or any other thing of value or commitments
8 to provide financing to nonprofit organizations to provide those
9 organizations with financing for the acquisition, construction,
10 rehabilitation, refinancing, or development of multifamily rental
11 housing or the acquisition of commercial property for lease, each
12 pursuant to Chapter 7.5 (commencing with Section 33741) of Part
13 1.

14 (2) Loans of moneys or any other thing of value for residential
15 construction, improvement, or rehabilitation pursuant to Chapter
16 8 (commencing with Section 33750) of Part 1. These include, but
17 are not limited to, construction loans to purchasers of residential
18 housing, mortgage loans to purchasers of residential housing, and
19 loans to mortgage lenders, or any other entity, to aid in financing
20 pursuant to Chapter 8 (commencing with Section 33750).

21 (3) The purchase, by an agency, of mortgage or construction
22 loans from mortgage lenders or from any other entities.

23 (b) ~~(1) Enter~~ *Except as provided in subdivision (d) of Section*
24 *34191.4, enter* into contracts with, incur obligations, or make
25 commitments to, any entity, whether governmental, tribal, or
26 private, or any individual or groups of individuals for any purpose,
27 including, but not limited to, loan agreements, passthrough
28 agreements, regulatory agreements, services contracts, leases,
29 disposition and development agreements, joint exercise of powers
30 agreements, contracts for the purchase of capital equipment,
31 agreements for redevelopment activities, including, but not limited
32 to, agreements for planning, design, redesign, development,
33 demolition, alteration, construction, reconstruction, rehabilitation,
34 site remediation, site development or improvement, removal of
35 graffiti, land clearance, and seismic retrofits.

36 ~~(2) Notwithstanding paragraph (1), if a successor agency has~~
37 ~~received a finding of completion, the successor agency may enter~~
38 ~~into, or amend existing, contracts and agreements, or otherwise~~
39 ~~administer projects in connection with long-term enforceable~~
40 ~~obligations, if the contract, agreement, or project will not commit~~

1 new tax funds, and will not otherwise adversely affect the flow of
2 property tax revenues or payments made pursuant to paragraph
3 (4) of subdivision (a) of Section 34183 to the taxing agencies. The
4 successor agency shall provide notice to the oversight board at
5 least 10 days prior to entering into or amending a contract or
6 agreement pursuant to this paragraph. During the 10-day period
7 the oversight board may notify the successor agency that the board
8 intends to conduct a hearing to determine whether the contract or
9 agreement will not commit new tax funds or otherwise adversely
10 affect the flow of property tax revenues or payments to the taxing
11 agencies. The board shall hold the hearing and issue findings within
12 30 days after it so notified the successor agency.

13 (c) Amend or modify existing agreements, obligations, or
14 commitments with any entity, for any purpose, including, but not
15 limited to, any of the following:

16 (1) Renewing or extending term of leases or other agreements,
17 except that the agency may extend lease space for its own use to
18 a date not to exceed six months after the effective date of the act
19 adding this part and for a rate no more than 5 percent above the
20 rate the agency currently pays on a monthly basis.

21 (2) Modifying terms and conditions of existing agreements,
22 obligations, or commitments.

23 (3) Forgiving all or any part of the balance owed to the agency
24 on existing loans or extend the term or change the terms and
25 conditions of existing loans.

26 (4) Making any future deposits to the Low and Moderate Income
27 Housing Fund created pursuant to Section 33334.3.

28 (5) Transferring funds out of the Low and Moderate Income
29 Housing Fund, except to meet the minimum housing-related
30 obligations that existed as of January 1, 2011, to make required
31 payments under Sections 33690 and 33690.5, and to borrow funds
32 pursuant to Section 34168.5.

33 (d) Dispose of assets by sale, long-term lease, gift, grant,
34 exchange, transfer, assignment, or otherwise, for any purpose,
35 including, but not limited to, any of the following:

36 (1) Assets, including, but not limited to, real property, deeds of
37 trust, and mortgages held by the agency, moneys, accounts
38 receivable, contract rights, proceeds of insurance claims, grant
39 proceeds, settlement payments, rights to receive rents, and any
40 other rights to payment of whatever kind.

(2) Real property, including, but not limited to, land, land under water and waterfront property, buildings, structures, fixtures, and improvements on the land, any property appurtenant to, or used in connection with, the land, every estate, interest, privilege, easement, franchise, and right in land, including rights-of-way, terms for years, and liens, charges, or encumbrances by way of judgment, mortgage, or otherwise, and the indebtedness secured by the liens.

(e) Acquire real property by any means for any purpose, including, but not limited to, the purchase, lease, or exercising of an option to purchase or lease, exchange, subdivide, transfer, assume, obtain option upon, acquire by gift, grant, bequest, devise, or otherwise acquire any real property, any interest in real property, and any improvements on it, including the repurchase of developed property previously owned by the agency and the acquisition of real property by eminent domain; provided, however, that nothing in this subdivision is intended to prohibit the acceptance or transfer of title for real property acquired prior to the effective date of this part.

(f) Transfer, assign, vest, or delegate any of its assets, funds, rights, powers, ownership interests, or obligations for any purpose to any entity, including, but not limited to, the community, the legislative body, another member of a joint powers authority, a trustee, a receiver, a partner entity, another agency, a nonprofit corporation, a contractual counterparty, a public body, a limited-equity housing cooperative, the state, a political subdivision of the state, the federal government, any private entity, or an individual or group of individuals.

(g) Accept financial or other assistance from the state or federal government or any public or private source if the acceptance necessitates or is conditioned upon the agency incurring indebtedness as that term is described in this part.

SEC. 3. Section 34171 of the Health and Safety Code is amended to read:

34171. The following terms shall have the following meanings:

(a) “Administrative budget” means the budget for administrative costs of the successor agencies as provided in Section 34177.

(b) “Administrative cost allowance” means an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax

1 allocated to the successor agency on the Recognized Obligation
 2 Payment Schedule covering the period January 1, 2012, through
 3 June 30, 2012, and up to 3 percent of the property tax allocated to
 4 the Redevelopment Obligation Retirement Fund money that is
 5 allocated to the successor agency for each fiscal year thereafter;
 6 provided, however, that the amount shall not be less than two
 7 hundred fifty thousand dollars (\$250,000), unless the oversight
 8 board reduces this amount, for any fiscal year or such lesser amount
 9 as agreed to by the successor agency. However, the allowance
 10 amount shall exclude, and shall not apply to, any administrative
 11 costs that can be paid from bond proceeds or from sources other
 12 than property tax. Administrative cost allowances shall exclude
 13 any litigation expenses related to assets or obligations, settlements
 14 and judgments, and the costs of maintaining assets prior to
 15 disposition. Employee costs associated with work on specific
 16 project implementation activities, including, but not limited to,
 17 construction inspection, project management, or actual
 18 construction, shall be considered project-specific costs and shall
 19 not constitute administrative costs.

20 (c) “Designated local authority” shall mean a public entity
 21 formed pursuant to subdivision (d) of Section 34173.

22 (d) (1) “Enforceable obligation” means any of the following:

23 (A) Bonds, as defined by Section 33602 and bonds issued
 24 pursuant to Chapter 10.5 (commencing with Section 5850) of
 25 Division 6 of Title 1 of the Government Code, including the
 26 required debt service, reserve set-asides, and any other payments
 27 required under the indenture or similar documents governing the
 28 issuance of the outstanding bonds of the former redevelopment
 29 agency. A reserve may be held when required by the bond
 30 indenture or when the next property tax allocation will be
 31 insufficient to pay all obligations due under the provisions of the
 32 bond for the next payment due in the following half of the calendar
 33 year.

34 (B) Loans of moneys borrowed by the redevelopment agency
 35 for a lawful purpose, to the extent they are legally required to be
 36 repaid pursuant to a required repayment schedule or other
 37 mandatory loan terms.

38 (C) Payments required by the federal government, preexisting
 39 obligations to the state or obligations imposed by state law, other
 40 than passthrough payments that are made by the county

1 auditor-controller pursuant to Section 34183, or legally enforceable
2 payments required in connection with the agencies' employees,
3 including, but not limited to, pension payments, pension obligation
4 debt service, unemployment payments, or other obligations
5 conferred through a collective bargaining agreement. Costs incurred
6 to fulfill collective bargaining agreements for layoffs or
7 terminations of city employees who performed work directly on
8 behalf of the former redevelopment agency shall be considered
9 enforceable obligations payable from property tax funds. The
10 obligations to employees specified in this subparagraph shall
11 remain enforceable obligations payable from property tax funds
12 for any employee to whom those obligations apply if that employee
13 is transferred to the entity assuming the housing functions of the
14 former redevelopment agency pursuant to Section 34176. The
15 successor agency or designated local authority shall enter into an
16 agreement with the housing entity to reimburse it for any costs of
17 the employee obligations.

18 (D) Judgments or settlements entered by a competent court of
19 law or binding arbitration decisions against the former
20 redevelopment agency, other than passthrough payments that are
21 made by the county auditor-controller pursuant to Section 34183.
22 Along with the successor agency, the oversight board shall have
23 the authority and standing to appeal any judgment or to set aside
24 any settlement or arbitration decision.

25 (E) Any legally binding and enforceable agreement or contract
26 that is not otherwise void as violating the debt limit or public
27 policy. However, nothing in this act shall prohibit either the
28 successor agency, with the approval or at the direction of the
29 oversight board, or the oversight board itself from terminating any
30 existing agreements or contracts and providing any necessary and
31 required compensation or remediation for such termination. Titles
32 of or headings used on or in a document shall not be relevant in
33 determining the existence of an enforceable obligation.

34 (F) Contracts or agreements necessary for the administration or
35 operation of the successor agency, in accordance with this part,
36 including, but not limited to, agreements concerning litigation
37 expenses related to assets or obligations, settlements and
38 judgments, and the costs of maintaining assets prior to disposition,
39 and agreements to purchase or rent office space, equipment and

1 supplies, and pay-related expenses pursuant to Section 33127 and
2 for carrying insurance pursuant to Section 33134.

3 (G) Amounts borrowed from, or payments owing to, the Low
4 and Moderate Income Housing Fund of a redevelopment agency,
5 which had been deferred as of the effective date of the act adding
6 this part; provided, however, that the repayment schedule is
7 approved by the oversight board. Repayments shall be transferred
8 to the Low and Moderate Income Housing Asset Fund established
9 pursuant to subdivision (d) of Section 34176 as a housing asset
10 and shall be used in a manner consistent with the affordable
11 housing requirements of the Community Redevelopment Law (Part
12 1 (commencing with Section 33000)).

13 (2) For purposes of this part, “enforceable obligation” does not
14 include any agreements, contracts, or arrangements between the
15 city, county, or city and county that created the redevelopment
16 agency and the former redevelopment agency. However, written
17 agreements entered into (A) at the time of issuance, but in no event
18 later than December 31, 2010, of indebtedness obligations, and
19 (B) solely for the purpose of securing or repaying those
20 indebtedness obligations may be deemed enforceable obligations
21 for purposes of this part. Notwithstanding this paragraph, loan
22 agreements entered into between the redevelopment agency and
23 the city, county, or city and county that created it, within two years
24 of the date of creation of the redevelopment agency, may be
25 deemed to be enforceable obligations.

26 (3) Contracts or agreements between the former redevelopment
27 agency and other public agencies, to perform services or provide
28 funding for governmental or private services or capital projects
29 outside of redevelopment project areas that do not provide benefit
30 to the redevelopment project and thus were not properly authorized
31 under Part 1 (commencing with Section 33000) shall be deemed
32 void on the effective date of this part; provided, however, that such
33 contracts or agreements for the provision of housing properly
34 authorized under Part 1 (commencing with Section 33000) shall
35 not be deemed void.

36 (e) “Indebtedness obligations” means bonds, notes, certificates
37 of participation, or other evidence of indebtedness, issued or
38 delivered by the redevelopment agency, or by a joint exercise of
39 powers authority created by the redevelopment agency, to
40 third-party investors or bondholders to finance or refinance

1 redevelopment projects undertaken by the redevelopment agency
2 in compliance with the Community Redevelopment Law (Part 1
3 (commencing with Section 33000)).

4 (f) “Oversight board” shall mean each entity established pursuant
5 to Section 34179.

6 (g) “Recognized obligation” means an obligation listed in the
7 Recognized Obligation Payment Schedule.

8 (h) “Recognized Obligation Payment Schedule” means the
9 document setting forth the minimum payment amounts and due
10 dates of payments required by enforceable obligations for each
11 six-month fiscal period as provided in subdivision (m) of Section
12 34177.

13 (i) “School entity” means any entity defined as such in
14 subdivision (f) of Section 95 of the Revenue and Taxation Code.

15 (j) “Successor agency” means the successor entity to the former
16 redevelopment agency as described in Section 34173.

17 (k) “Taxing entities” means cities, counties, a city and county,
18 special districts, and school entities, as defined in subdivision (f)
19 of Section 95 of the Revenue and Taxation Code, that receive
20 passthrough payments and distributions of property taxes pursuant
21 to the provisions of this part.

22 (l) “Property taxes” include all property tax revenues, including
23 those from unitary and supplemental and roll corrections applicable
24 to tax increment.

25 (m) “Department” means the Department of Finance unless the
26 context clearly refers to another state agency.

27 (n) “Sponsoring entity” means the city, county, or city and
28 county, or other entity that authorized the creation of each
29 redevelopment agency.

30 (o) “Final judicial determination” means a final judicial
31 determination made by any state court that is not appealed, or by
32 a court of appellate jurisdiction that is not further appealed, in an
33 action by any party.

34 (p) From January 2, 2014, to June 1, 2018, inclusive, “housing
35 entity administrative cost allowance” means an amount of up to 1
36 percent of the property tax allocated to the Redevelopment
37 Obligation Retirement Fund on behalf of the successor agency for
38 each applicable fiscal year, but not less than one hundred fifty
39 thousand dollars (\$150,000) per fiscal year.

(1) The housing entity administrative cost allowance shall be listed by the successor agency on the Recognized Obligation Payment Schedule. Upon approval of the Recognized Obligation Payment Schedule by the oversight board and the department, the housing entity administrative cost allowance shall be remitted by the county auditor-controller on each January 2 and June 1 to the local housing authority that assumed the housing functions of the former redevelopment agency pursuant to paragraph (2) or (3) of subdivision (b) of Section 34176. To assist the county auditor-controller in this duty, the successor agency shall notify the county auditor-controller by January 2, 2014, of the identity of the entity that has assumed the housing functions of the former redevelopment agency.

(2) If there are insufficient moneys in the Redevelopment Obligations Retirement Fund in a given fiscal year to make the payment authorized by this subdivision, the unfunded amount may be listed on each subsequent Recognized Obligation Payment Schedule until it has been paid in full. In these cases the five-year time limit on the payments shall not apply.

SEC. 4. Section 34177 of the Health and Safety Code is amended to read:

34177. Successor agencies are required to do all of the following:

(a) Continue to make payments due for enforceable obligations.

(1) On and after February 1, 2012, and until a Recognized Obligation Payment Schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made. The initial enforceable obligation payment schedule shall be the last schedule adopted by the redevelopment agency under Section 34169. However, payments associated with obligations excluded from the definition of enforceable obligations by paragraph (2) of subdivision (d) of Section 34171 shall be excluded from the enforceable obligations payment schedule and be removed from the last schedule adopted by the redevelopment agency under Section 34169 prior to the successor agency adopting it as its enforceable obligations payment schedule pursuant to this subdivision. The enforceable obligation payment schedule may be amended by the successor agency at any public meeting and shall be subject to the approval of the oversight board as soon as the board has sufficient members to form a quorum. In recognition

1 of the fact that the timing of the California Supreme Court's ruling
2 in the case California Redevelopment Association v. Matosantos
3 (2011) 53 Cal.4th 231 delayed the preparation by successor
4 agencies and the approval by oversight boards of the January 1,
5 2012, through June 30, 2012, Recognized Obligation Payment
6 Schedule, a successor agency may amend the Enforceable
7 Obligation Payment Schedule to authorize the continued payment
8 of enforceable obligations until the time that the January 1, 2012,
9 through June 30, 2012, Recognized Obligation Payment Schedule
10 has been approved by the oversight board and by the Department
11 of Finance. The successor agency may utilize reasonable estimates
12 and projections to support payment amounts for enforceable
13 obligations if the successor agency submits appropriate supporting
14 documentation of the basis for the estimate or projection to the
15 Department of Finance.

16 (2) The Department of Finance and the Controller shall each
17 have the authority to require any documents associated with the
18 enforceable obligations to be provided to them in a manner of their
19 choosing. Any taxing entity, the department, and the Controller
20 shall each have standing to file a judicial action to prevent a
21 violation under this part and to obtain injunctive or other
22 appropriate relief.

23 (3) Commencing on the date the Recognized Obligation Payment
24 Schedule is valid pursuant to subdivision (1), only those payments
25 listed in the Recognized Obligation Payment Schedule may be
26 made by the successor agency from the funds specified in the
27 Recognized Obligation Payment Schedule. In addition, after it
28 becomes valid, the Recognized Obligation Payment Schedule shall
29 supersede the Statement of Indebtedness, which shall no longer
30 be prepared nor have any effect under the Community
31 Redevelopment Law (Part 1 (commencing with Section 33000)).

32 (4) Nothing in the act adding this part is to be construed as
33 preventing a successor agency, with the prior approval of the
34 oversight board, as described in Section 34179, from making
35 payments for enforceable obligations from sources other than those
36 listed in the Recognized Obligation Payment Schedule.

37 (5) From February 1, 2012, to July 1, 2012, a successor agency
38 shall have no authority and is hereby prohibited from accelerating
39 payment or making any lump-sum payments that are intended to

1 prepay loans unless such accelerated repayments were required
2 prior to the effective date of this part.

3 (b) Maintain reserves in the amount required by indentures,
4 trust indentures, or similar documents governing the issuance of
5 outstanding redevelopment agency bonds.

6 (c) Perform obligations required pursuant to any enforceable
7 obligation.

8 (d) Remit unencumbered balances of redevelopment agency
9 funds to the county auditor-controller for distribution to the taxing
10 entities, including, but not limited to, the unencumbered balance
11 of the Low and Moderate Income Housing Fund of a former
12 redevelopment agency. In making the distribution, the county
13 auditor-controller shall utilize the same methodology for allocation
14 and distribution of property tax revenues provided in Section
15 34188.

16 (e) Dispose of assets and properties of the former redevelopment
17 agency as directed by the oversight board; provided, however, that
18 the oversight board may instead direct the successor agency to
19 transfer ownership of certain assets pursuant to subdivision (a) of
20 Section 34181. The disposal is to be done expeditiously and in a
21 manner aimed at maximizing value. Proceeds from asset sales and
22 related funds that are no longer needed for approved development
23 projects or to otherwise wind down the affairs of the agency, each
24 as determined by the oversight board, shall be transferred to the
25 county auditor-controller for distribution as property tax proceeds
26 under Section 34188. The requirements of this subdivision shall
27 not apply to a successor agency that has been issued a finding of
28 completion by the Department of Finance pursuant to Section
29 34179.7.

30 (f) Enforce all former redevelopment agency rights for the
31 benefit of the taxing entities, including, but not limited to,
32 continuing to collect loans, rents, and other revenues that were due
33 to the redevelopment agency.

34 (g) Effectuate transfer of housing functions and assets to the
35 appropriate entity designated pursuant to Section 34176.

36 (h) Expeditiously wind down the affairs of the redevelopment
37 agency pursuant to the provisions of this part and in accordance
38 with the direction of the oversight board.

39 (i) Continue to oversee development of properties until the
40 contracted work has been completed or the contractual obligations

1 of the former redevelopment agency can be transferred to other
2 parties. Bond proceeds shall be used for the purposes for which
3 bonds were sold unless the purposes can no longer be achieved,
4 in which case, the proceeds may be used to defease the bonds.

5 (j) Prepare a proposed administrative budget and submit it to
6 the oversight board for its approval. The proposed administrative
7 budget shall include all of the following:

8 (1) Estimated amounts for successor agency administrative costs
9 for the upcoming six-month fiscal period.

10 (2) Proposed sources of payment for the costs identified in
11 paragraph (1).

12 (3) Proposals for arrangements for administrative and operations
13 services provided by a city, county, city and county, or other entity.

14 (k) Provide administrative cost estimates, from its approved
15 administrative budget that are to be paid from property tax revenues
16 deposited in the Redevelopment Property Tax Trust Fund, to the
17 county auditor-controller for each six-month fiscal period.

18 (l) (1) Before each six-month fiscal period, prepare a
19 Recognized Obligation Payment Schedule in accordance with the
20 requirements of this paragraph. For each recognized obligation,
21 the Recognized Obligation Payment Schedule shall identify one
22 or more of the following sources of payment:

23 (A) Low and Moderate Income Housing Fund.

24 (B) Bond proceeds.

25 (C) Reserve balances.

26 (D) Administrative cost allowance.

27 (E) The Redevelopment Property Tax Trust Fund, but only to
28 the extent no other funding source is available or when payment
29 from property tax revenues is required by an enforceable obligation
30 or by the provisions of this part.

31 (F) Other revenue sources, including rents, concessions, asset
32 sale proceeds, interest earnings, and any other revenues derived
33 from the former redevelopment agency, as approved by the
34 oversight board in accordance with this part.

35 (2) A Recognized Obligation Payment Schedule shall not be
36 deemed valid unless all of the following conditions have been met:

37 (A) A Recognized Obligation Payment Schedule is prepared
38 by the successor agency for the enforceable obligations of the
39 former redevelopment agency. The initial schedule shall project
40 the dates and amounts of scheduled payments for each enforceable

obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had the a redevelopment agency not been dissolved.

(B) The Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the Recognized Obligation Payment Schedule to the oversight board for approval.

(C) A copy of the approved Recognized Obligation Payment Schedule is submitted to the county auditor-controller and both the Controller's office and the Department of Finance and is posted on the successor agency's Internet Web site.

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by April 15, 2012, for the period of January 1, 2012, to June 30, 2012, inclusive. This Recognized Obligation Payment Schedule shall include all payments made by the former redevelopment agency between January 1, 2012, through January 31, 2012, and shall include all payments proposed to be made by the successor agency from February 1, 2012, through June 30, 2012. Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency.

(m) The Recognized Obligation Payment Schedule for the period of January 1, 2013, to June 30, 2013, shall be submitted by the successor agency, after approval by the oversight board, no later than September 1, 2012. Commencing with the Recognized Obligation Payment Schedule covering the period July 1, 2013, through December 31, 2013, successor agencies shall submit an oversight board-approved Recognized Obligation Payment Schedule to the Department of Finance and to the county auditor-controller no fewer than 90 days before the date of property tax distribution. The Department of Finance shall make its

1 determination of the enforceable obligations and the amounts and
2 funding sources of the enforceable obligations no later than 45
3 days after the Recognized Obligation Payment Schedule is
4 submitted. Within five business days of the department's
5 determination, a successor agency may request additional review
6 by the department and an opportunity to meet and confer on
7 disputed items. The meet and confer period may vary; an untimely
8 submittal of a Recognized Obligation Payment Schedule may result
9 in a meet and confer period of less than 30 days. The department
10 shall notify the successor agency and the county auditor-controllers
11 as to the outcome of its review at least 15 days before the date of
12 property tax distribution.

13 (1) The successor agency shall submit a copy of the Recognized
14 Obligation Payment Schedule to the Department of Finance
15 electronically, and the successor agency shall complete the
16 Recognized Obligation Payment Schedule in the manner provided
17 for by the department. A successor agency shall be in
18 noncompliance with this paragraph if it only submits to the
19 department an electronic message or a letter stating that the
20 oversight board has approved a Recognized Obligation Payment
21 Schedule.

22 (2) If a successor agency does not submit a Recognized
23 Obligation Payment Schedule by the deadlines provided in this
24 subdivision, the city, county, or city and county that created the
25 redevelopment agency shall be subject to a civil penalty equal to
26 ten thousand dollars (\$10,000) per day for every day the schedule
27 is not submitted to the department. The civil penalty shall be paid
28 to the county auditor-controller for allocation to the taxing entities
29 under Section 34183. If a successor agency fails to submit a
30 Recognized Obligation Payment Schedule by the deadline, any
31 creditor of the successor agency or the Department of Finance or
32 any affected taxing entity shall have standing to and may request
33 a writ of mandate to require the successor agency to immediately
34 perform this duty. Those actions may be filed only in the County
35 of Sacramento and shall have priority over other civil matters.
36 Additionally, if an agency does not submit a Recognized Obligation
37 Payment Schedule within ten days of the deadline, the maximum
38 administrative cost allowance for that period shall be reduced by
39 25 percent.

1 (3) If a successor agency fails to submit to the department an
2 oversight board-approved Recognized Obligation Payment
3 Schedule that complies with all requirements of this subdivision
4 within five business days of the date upon which the Recognized
5 Obligation Payment Schedule is to be used to determine the amount
6 of property tax allocations, the department may determine if any
7 amount should be withheld by the county auditor-controller for
8 payments for enforceable obligations from distribution to taxing
9 entities, pending approval of a Recognized Obligation Payment
10 Schedule. The county auditor-controller shall distribute the portion
11 of any of the sums withheld pursuant to this paragraph to the
12 affected taxing entities in accordance with paragraph (4) of
13 subdivision (a) of Section 34183 upon notice by the department
14 that a portion of the withheld balances are in excess of the amount
15 of enforceable obligations. The county auditor-controller shall
16 distribute withheld funds to the successor agency only in
17 accordance with a Recognized Obligation Payment Schedule
18 approved by the department. County auditor-controllers shall lack
19 the authority to withhold any other amounts from the allocations
20 provided for under Section 34183 or 34188 unless required by a
21 court order.

22 (4) (A) The Recognized Obligation Payment Schedule payments
23 required pursuant to this subdivision may be scheduled beyond
24 the existing Recognized Obligation Payment Schedule cycle upon
25 a showing that a lender requires cash on hand beyond the
26 Recognized Obligation Payment Schedule cycle.

27 (B) When a payment is shown to be due during the Recognized
28 Obligation Payment Schedule period, but an invoice or other billing
29 document has not yet been received, the successor agency may
30 utilize reasonable estimates and projections to support payment
31 amounts for enforceable obligations if the successor agency submits
32 appropriate supporting documentation of the basis for the estimate
33 or projection to the department.

34 (C) A Recognized Obligation Payment Schedule may also
35 include appropriation of moneys from bonds subject to passage
36 during the Recognized Obligation Payment Schedule cycle when
37 an enforceable obligation requires the agency to issue the bonds
38 and use the proceeds to pay for project expenditures.

(n) Cause a postaudit of the financial transactions and records of the successor agency to be made at least annually by a certified public accountant.

SEC. 5. Section 34180 of the Health and Safety Code is amended to read:

34180. (a) All of the following successor agency actions shall first be approved by the oversight board:

~~(a)~~

(1) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part. An oversight board shall not have the authority to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency except as provided in Chapter 9 (commencing with Section 34191.1).

~~(b)~~

(2) The issuance of bonds or other indebtedness or the pledge or agreement for the pledge of property tax revenues (formerly tax increment prior to the effective date of this part) pursuant to subdivision (a) of Section 34177.5.

~~(c)~~

(3) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

~~(d)~~

(4) Merging of project areas.

~~(e)~~

(5) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, if that assistance is conditioned upon the provision of matching funds, by the successor entity as successor to the former redevelopment agency, in an amount greater than 5 percent.

~~(f) (1)~~

(6) (A) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

~~(2)~~

(B) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by an independent appraiser approved by the oversight board.

~~(g)~~

(7) Establishment of the Recognized Obligation Payment Schedule.

~~(h)~~

(8) A request by the successor agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding. An oversight board shall not have the authority to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency except as provided in Chapter 9 (commencing with Section 34191.1). Any actions to reestablish any other agreements that are in furtherance of enforceable obligations, with the city, county, or city and county that formed the redevelopment agency are invalid until they are included in an approved and valid Recognized Obligation Payment Schedule.

~~(i)~~

(9) A request by a successor agency or taxing entity to pledge, or to enter into an agreement for the pledge of, property tax revenues pursuant to subdivision (b) of Section 34178.

~~(j)~~

(b) A successor agency shall provide notice to the oversight board at least 10 days prior to entering into a contract or agreement for the use or disposition of properties pursuant to paragraph (2) of subdivision (c) of Section 34191.5. During the 10-day period the oversight board may notify the successor agency that the board intends to conduct a hearing to determine whether the contract or agreement is consistent with the successor agency's long-range property management plan. The board shall hold the hearing and issue findings within 30 days after it so notified the successor agency.

~~(k)~~

(c) Any document submitted by a successor agency to an oversight board for approval by any provision of this part shall also be submitted to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time

1 that the successor agency submits the document to the oversight
2 board.

3 SEC. 6. Section 34183 of the Health and Safety Code is
4 amended to read:

5 34183. (a) Notwithstanding any other law, from February 1,
6 2012, to July 1, 2012, and for each fiscal year thereafter, the county
7 auditor-controller shall, after deducting administrative costs
8 allowed under Section 34182 and Section 95.3 of the Revenue and
9 Taxation Code, allocate moneys in each Redevelopment Property
10 Tax Trust Fund as follows:

11 (1) Subject to any prior deductions required by subdivision (b),
12 first, the county auditor-controller shall remit from the
13 Redevelopment Property Tax Trust Fund to each local agency and
14 school entity an amount of property tax revenues in an amount
15 equal to that which would have been received under Section 33401,
16 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections
17 read on January 1, 2011, or pursuant to any passthrough agreement
18 between a redevelopment agency and a taxing entity that was
19 entered into prior to January 1, 1994, that would be in force during
20 that fiscal year, had the redevelopment agency existed at that time.
21 The amount of the payments made pursuant to this paragraph shall
22 be calculated solely on the basis of passthrough payment
23 obligations, existing prior to the effective date of this part and
24 continuing as obligations of successor entities, shall occur no later
25 than May 16, 2012, and no later than June 1, 2012, and each
26 January 2 and June 1 thereafter. Notwithstanding subdivision (e)
27 of Section 33670, that portion of the taxes in excess of the amount
28 identified in subdivision (a) of Section 33670, which are
29 attributable to a tax rate levied by a taxing entity for the purpose
30 of producing revenues in an amount sufficient to make annual
31 repayments of the principal of, and the interest on, any bonded
32 indebtedness for the acquisition or improvement of real property
33 shall be allocated to, and when collected shall be paid into, the
34 fund of that taxing entity. The amount of passthrough payments
35 computed pursuant to this section, including any passthrough
36 agreements, shall be computed as though the requirement to set
37 aside funds for the Low and Moderate Income Housing Fund was
38 still in effect.

39 (2) Second, on June 1, 2012, and each January 2 and June 1
40 thereafter, to each successor agency for payments listed in its

1 Recognized Obligation Payment Schedule for the six-month fiscal
2 period beginning January 1, 2012, and July 1, 2012, and each
3 January 2 and June 1 thereafter, in the following order of priority:

4 (A) Debt service payments scheduled to be made for tax
5 allocation bonds.

6 (B) Payments scheduled to be made on revenue bonds, but only
7 to the extent the revenues pledged for them are insufficient to make
8 the payments and only if the agency's tax increment revenues were
9 also pledged for the repayment of the bonds.

10 (C) Payments scheduled for other debts and obligations listed
11 in the Recognized Obligation Payment Schedule that are required
12 to be paid from former tax increment revenue.

13 (3) Third, on June 1, 2012, and each January 2 and June 1
14 thereafter, to each successor agency for the administrative cost
15 allowance, as defined in Section 34171, for administrative costs
16 set forth in an approved administrative budget for those payments
17 required to be paid from former tax increment revenues.

18 (4) Fourth, on January 2, 2014, and each January 2 and June 1
19 thereafter until June 1, 2018, for the housing entity administrative
20 cost allowance payable to the local housing authority that has
21 assumed the housing duties of the former redevelopment agency
22 pursuant to paragraph (2) or (3) of subdivision (b) of Section
23 34176.

24 (5) Fifth, on June 1, 2012, and each January 2 and June 1
25 thereafter, any moneys remaining in the Redevelopment Property
26 Tax Trust Fund after the payments and transfers authorized by
27 paragraphs (1) to (4), inclusive, shall be distributed to local
28 agencies and school entities in accordance with Section 34188.

29 (b) If the successor agency reports, no later than April 1, 2012,
30 and May 1, 2012, and each December 1 and May 1 thereafter, to
31 the county auditor-controller that the total amount available to the
32 successor agency from the Redevelopment Property Tax Trust
33 Fund allocation to that successor agency's Redevelopment
34 Obligation Retirement Fund, from other funds transferred from
35 each redevelopment agency, and from funds that have or will
36 become available through asset sales and all redevelopment
37 operations, are insufficient to fund the payments required by
38 paragraphs (1) to (4), inclusive, of subdivision (a) in the next
39 six-month fiscal period, the county auditor-controller shall notify
40 the Controller and the Department of Finance no later than 10 days

1 from the date of that notification. The county auditor-controller
2 shall verify whether the successor agency will have sufficient funds
3 from which to service debts according to the Recognized
4 Obligation Payment Schedule and shall report the findings to the
5 Controller. If the Controller concurs that there are insufficient
6 funds to pay required debt service, the amount of the deficiency
7 shall be deducted first from the amount remaining to be distributed
8 to taxing entities pursuant to paragraph (5), and if that amount is
9 exhausted, from amounts available for distribution for
10 administrative costs in paragraphs (3) and (4), with those amounts
11 in paragraph (3) to be exhausted first. If an agency, pursuant to
12 the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5,
13 33681.15, or 33688 or as expressly provided in a passthrough
14 agreement entered into pursuant to Section 33401, made
15 passthrough payment obligations subordinate to debt service
16 payments required for enforceable obligations, funds for servicing
17 bond debt may be deducted from the amounts for passthrough
18 payments under paragraph (1), as provided in those sections, but
19 only to the extent that the amounts remaining to be distributed to
20 taxing entities pursuant to paragraph (5) and the amounts available
21 for distribution for administrative costs in paragraphs (3) and (4)
22 have all been exhausted.

23 (c) The county treasurer may loan any funds from the county
24 treasury to the Redevelopment Property Tax Trust Fund of the
25 successor agency for the purpose of paying an item approved on
26 the Recognized Obligation Payment Schedule at the request of the
27 Department of Finance that are necessary to ensure prompt
28 payments of redevelopment agency debts. An enforceable
29 obligation is created for repayment of those loans.

30 (d) The Controller may recover the costs of audit and oversight
31 required under this part from the Redevelopment Property Tax
32 Trust Fund by presenting an invoice therefor to the county
33 auditor-controller who shall set aside sufficient funds for and
34 disburse the claimed amounts prior to making the next distributions
35 to the taxing entities pursuant to Section 34188. Subject to the
36 approval of the Director of Finance, the budget of the Controller
37 may be augmented to reflect the reimbursement, pursuant to
38 Section 28.00 of the Budget Act.

39 (e) Within 10 days of each distribution of property tax, the
40 county auditor-controller shall provide a report to the department

1 regarding the distribution for each successor agency that includes
2 information on the total available for allocation, the passthrough
3 amounts and how they were calculated, the amounts distributed
4 to successor agencies, and the amounts distributed to taxing entities
5 in a manner and form specified by the department. This reporting
6 requirement shall also apply to distributions required under
7 subdivision (b) of Section 34183.5.

8 SEC. 7. Section 34191.4 of the Health and Safety Code is
9 amended to read:

10 34191.4. The following provisions shall apply to any successor
11 agency that has been issued a finding of completion by the
12 Department of Finance:

13 (a) All real property and interests in real property identified in
14 subparagraph (C) of paragraph (5) of subdivision (c) of Section
15 34179.5 shall be transferred to the Community Redevelopment
16 Property Trust Fund of the successor agency upon approval by the
17 Department of Finance of the long-range property management
18 plan submitted by the successor agency pursuant to subdivision
19 (b) of Section 34191.7 unless that property is subject to the
20 requirements of any existing enforceable obligation.

21 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon
22 application by the successor agency and approval by the oversight
23 board, loan agreements entered into between the redevelopment
24 agency and the city, county, or city and county that created the
25 redevelopment agency shall be deemed to be enforceable
26 obligations provided that the oversight board makes a finding that
27 the loan was for legitimate redevelopment purposes.

28 (2) If the oversight board finds that the loan is an enforceable
29 obligation, the accumulated interest on the remaining principal
30 amount of the loan shall be recalculated from origination at the
31 interest rate earned by funds deposited into the Local Agency
32 Investment Fund. The loan shall be repaid to the city, county, or
33 city and county in accordance with a defined schedule over a
34 reasonable term of years at an interest rate not to exceed the interest
35 rate earned by funds deposited into the Local Agency Investment
36 Fund. The annual loan repayments provided for in the recognized
37 obligation payment schedules shall be subject to all of the following
38 limitations:

39 (A) Loan repayments shall not be made prior to the 2013–14
40 fiscal year. Beginning in the 2013–14 fiscal year, the maximum

1 repayment amount authorized each fiscal year for repayments
2 made pursuant to this subdivision and paragraph (7) of subdivision
3 (e) of Section 34176 combined shall be equal to one-half of the
4 increase between the amount distributed to the taxing entities
5 pursuant to paragraph (5) of subdivision (a) of Section 34183 in
6 that fiscal year and the amount distributed to taxing entities
7 pursuant to that paragraph in the 2012–13 base year, provided,
8 however, that calculation of the amount distributed to taxing
9 entities during the 2012–13 base year shall not include any amounts
10 distributed to taxing entities pursuant to the due diligence review
11 process established in Sections 34179.5 to 34179.8, inclusive.
12 Loan or deferral repayments made pursuant to this subdivision
13 shall be second in priority to amounts to be repaid pursuant to
14 paragraph (7) of subdivision (e) of Section 34176.

15 (B) Repayments received by the city, county, or city and county
16 that formed the redevelopment agency shall first be used to retire
17 any outstanding amounts borrowed and owed to the Low and
18 Moderate Income Housing Fund of the former redevelopment
19 agency for purposes of the Supplemental Educational Revenue
20 Augmentation Fund and shall be distributed to the Low and
21 Moderate Income Housing Asset Fund established by subdivision
22 (d) of Section 34176.

23 (C) Twenty percent of any loan repayment shall be deducted
24 from the loan repayment amount and shall be transferred to the
25 Low and Moderate Income Housing Asset Fund, after all
26 outstanding loans from the Low and Moderate Income Housing
27 Fund for purposes of the Supplemental Educational Revenue
28 Augmentation Fund have been paid.

29 (c) (1) Bond proceeds derived from bonds issued on or before
30 December 31, 2010, shall be used for the purposes for which the
31 bonds were sold.

32 (2) (A) Notwithstanding Section 34177.3 or any other
33 conflicting provision of law, bond proceeds in excess of the
34 amounts needed to satisfy approved enforceable obligations shall
35 thereafter be expended in a manner consistent with the original
36 bond covenants. Enforceable obligations may be satisfied by the
37 creation of reserves for projects that are the subject of the
38 enforceable obligation and that are consistent with the contractual
39 obligations for those projects, or by expending funds to complete
40 the projects. An expenditure made pursuant to this paragraph shall

1 constitute the creation of excess bond proceeds obligations to be
2 paid from the excess proceeds. Excess bond proceeds obligations
3 shall be listed separately on the Recognized Obligation Payment
4 Schedule submitted by the successor agency.

5 (B) If remaining bond proceeds cannot be spent in a manner
6 consistent with the bond covenants pursuant to subparagraph (A),
7 the proceeds shall be used to defease the bonds or to purchase
8 those same outstanding bonds on the open market for cancellation.

9 *(d) Notwithstanding subdivision (b) of Section 34163, if a*
10 *successor agency has received a finding of completion, the*
11 *successor agency may enter into, or amend existing, contracts and*
12 *agreements, or otherwise administer projects in connection with*
13 *enforceable obligations approved pursuant to subdivision (m) of*
14 *Section 34177, if the contract, agreement, or project will not*
15 *commit new property tax funds, and will not otherwise reduce*
16 *property tax revenues or payments made pursuant to paragraph*
17 *(4) of subdivision (a) of Section 34183 to the taxing agencies.*

18 SEC. 7.5. *Section 34191.4 of the Health and Safety Code is*
19 *amended to read:*

20 34191.4. The following provisions shall apply to any successor
21 agency that has been issued a finding of completion by the
22 Department of Finance:

23 (a) All real property and interests in real property identified in
24 subparagraph (C) of paragraph (5) of subdivision (c) of Section
25 34179.5 shall be transferred to the Community Redevelopment
26 Property Trust Fund of the successor agency upon approval by the
27 Department of Finance of the long-range property management
28 plan submitted by the successor agency pursuant to subdivision
29 (b) of Section ~~34191.7~~ 34191.5 unless that property is subject to
30 the requirements of any existing enforceable obligation.

31 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon
32 application by the successor agency and approval by the oversight
33 board, loan agreements entered into between the redevelopment
34 agency and the city, county, or city and county that created by the
35 redevelopment agency shall be deemed to be enforceable
36 obligations provided that the oversight board makes a finding that
37 the loan was for legitimate redevelopment purposes.

38 (2) If the oversight board finds that the loan is an enforceable
39 obligation, the accumulated interest on the remaining principal
40 amount of the loan shall be recalculated from origination at the

1 interest rate earned by funds deposited into the Local Agency
2 Investment Fund. The loan shall be repaid to the city, county, or
3 city and county in accordance with a defined schedule over a
4 reasonable term of years at an interest rate not to exceed the interest
5 rate earned by funds deposited into the Local Agency Investment
6 Fund. The annual loan repayments provided for in the recognized
7 ~~obligations~~ *obligation* payment schedules shall be subject to all of
8 the following limitations:

9 (A) Loan repayments shall not be made prior to the 2013–14
10 fiscal year. Beginning in the 2013–14 fiscal year, the maximum
11 repayment amount authorized each fiscal year for repayments
12 made pursuant to this subdivision and paragraph (7) of subdivision
13 (e) of Section 34176 combined shall be equal to one-half of the
14 increase between the amount distributed to the taxing entities
15 pursuant to paragraph ~~(4)~~ (5) of subdivision (a) of Section 34183
16 in that fiscal year and the amount distributed to taxing entities
17 pursuant to that paragraph in the 2012–13 base ~~year~~ year;
18 *provided, however, that calculation of the amount distributed to*
19 *taxing entities during the 2012–13 base year shall not include any*
20 *amounts distributed to taxing entities pursuant to the due diligence*
21 *review process established in Sections 34179.5 to 34179.8,*
22 *inclusive.* Loan or deferral repayments made pursuant to this
23 subdivision shall be second in priority to amounts to be repaid
24 pursuant to paragraph (7) of subdivision (e) of Section 34176.

25 (B) Repayments received by the city, county, or city and county
26 that formed the redevelopment agency shall first be used to retire
27 any outstanding amounts borrowed and owed to the Low and
28 Moderate Income Housing Fund of the former redevelopment
29 agency for purposes of the Supplemental Educational Revenue
30 Augmentation Fund and shall be distributed to the Low and
31 Moderate Income Housing Asset Fund established by subdivision
32 (d) of Section 34176.

33 (C) Twenty percent of any loan repayment shall be deducted
34 from the loan repayment amount and shall be transferred to the
35 Low and Moderate Income Housing Asset Fund, after all
36 outstanding loans from the Low and Moderate Income Housing
37 Fund for purposes of the Supplemental Educational Revenue
38 Augmentation Fund have been paid.

39 (3) *Following the effective date of an oversight board's approval*
40 *of an enforceable obligation pursuant to this subdivision, as*

1 *determined pursuant to subdivision (h) of Section 34179, the*
2 *oversight board's action shall be final and may be relied upon by*
3 *all public and private entities, and, except for an amendment to*
4 *an enforceable obligation initiated by a successor agency, may*
5 *not be modified or reversed by any future action of the Department*
6 *of Finance.*

7 (c) (1) Bond proceeds derived from bonds issued on or before
8 December 31, 2010, shall be used for the purposes for which the
9 bonds were sold.

10 (2) (A) Notwithstanding Section 34177.3 or any other
11 conflicting provision of law, bond proceeds in excess of the
12 amounts needed to satisfy approved enforceable obligations shall
13 thereafter be expended in a manner consistent with the original
14 bond covenants. Enforceable obligations may be satisfied by the
15 creation of reserves for projects that are the subject of the
16 enforceable obligation and that are consistent with the contractual
17 obligations for those projects, or by expending funds to complete
18 the projects. An expenditure made pursuant to this paragraph shall
19 constitute the creation of excess bond proceeds obligations to be
20 paid from the excess proceeds. Excess bond proceeds obligations
21 shall be listed separately on the Recognized Obligation Payment
22 Schedule submitted by the successor agency.

23 (B) If remaining bond proceeds cannot be spent in a manner
24 consistent with the bond covenants pursuant to subparagraph (A),
25 the proceeds shall be used to defease the bonds or to purchase
26 those same outstanding bonds on the open market for cancellation.

27 (3) *Following the effective date of an oversight board's approval*
28 *of an enforceable obligation pursuant to this subdivision, as*
29 *determined pursuant to subdivision (h) of Section 34179, the*
30 *oversight board's action shall be final and, except for an*
31 *amendment to an enforceable obligation initiated by a successor*
32 *agency, may be relied upon by all public and private entities, and*
33 *may not be modified or reversed by any future action of the*
34 *Department of Finance.*

35 (d) *Notwithstanding subdivision (b) of Section 34163, if a*
36 *successor agency has received a finding of completion, the*
37 *successor agency may enter into, or amend existing, contracts and*
38 *agreements, or otherwise administer projects in connection with*
39 *enforceable obligations approved pursuant to subdivision (m) of*
40 *Section 34177, if the contract, agreement, or project will not*

1 *commit new property tax funds, and will not otherwise reduce*
2 *property tax revenues or payments made pursuant to paragraph*
3 *(4) of subdivision (a) of Section 34183 to the taxing agencies.*

4 SEC. 8. Section 34191.5 of the Health and Safety Code is
5 amended to read:

6 34191.5. (a) There is hereby established a Community
7 Redevelopment Property Trust Fund, administered by the successor
8 agency, to serve as the repository of the former redevelopment
9 agency's real properties identified in subparagraph (C) of paragraph
10 (5) of subdivision (c) of Section 34179.5.

11 (b) The successor agency shall prepare a long-range property
12 management plan that addresses the disposition and use of the real
13 properties of the former redevelopment agency. The report shall
14 be submitted to the oversight board and the Department of Finance
15 for approval no later than six months following the issuance to the
16 successor agency of the finding of completion.

17 (c) The long-range property management plan shall do all of
18 the following:

19 (1) Include an inventory of all properties in the trust. The
20 inventory shall consist of all of the following information:

21 (A) The date of the acquisition of the property and the value of
22 the property at that time, and an estimate of the current value of
23 the property.

24 (B) The purpose for which the property was acquired.

25 (C) Parcel data, including address, lot size, and current zoning
26 in the former agency redevelopment plan or specific, community,
27 or general plan.

28 (D) An estimate of the current value of the parcel including, if
29 available, any appraisal information.

30 (E) An estimate of any lease, rental, or any other revenues
31 generated by the property, and a description of the contractual
32 requirements for the disposition of those funds.

33 (F) The history of environmental contamination, including
34 designation as a brownfield site, any related environmental studies,
35 and history of any remediation efforts.

36 (G) A description of the property's potential for transit-oriented
37 development and the advancement of the planning objectives of
38 the successor agency.

39 (H) A brief history of previous development proposals and
40 activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) (i) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(ii) For purposes of this subparagraph, the term “identified in an approved redevelopment plan” includes properties listed in a community plan or a five-year implementation plan.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

SEC. 8.5. Section 34191.5 of the Health and Safety Code is amended to read:

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency’s real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

1 (c) The long-range property management plan shall do all of
2 the following:

3 (1) Include an inventory of all properties in the trust. The
4 inventory shall consist of all of the following information:

5 (A) The date of the acquisition of the property and the value of
6 the property at that time, and an estimate of the current value of
7 the property.

8 (B) The purpose for which the property was acquired.

9 (C) Parcel data, including address, lot size, and current zoning
10 in the former agency redevelopment plan or specific, community,
11 or general plan.

12 (D) An estimate of the current value of the parcel including, if
13 available, any appraisal information.

14 (E) An estimate of any lease, rental, or any other revenues
15 generated by the property, and a description of the contractual
16 requirements for the disposition of those funds.

17 (F) The history of environmental contamination, including
18 designation as a brownfield site, any related environmental studies,
19 and history of any remediation efforts.

20 (G) A description of the property's potential for transit-oriented
21 development and the advancement of the planning objectives of
22 the successor agency.

23 (H) A brief history of previous development proposals and
24 activity, including the rental or lease of property.

25 (2) Address the use or disposition of all of the properties in the
26 trust. Permissible uses include the retention of the property for
27 governmental use pursuant to subdivision (a) of Section 34181,
28 the retention of the property for future development, the sale of
29 the property, or the use of the property to fulfill an enforceable
30 obligation. The plan shall separately identify and list properties in
31 the trust dedicated to governmental use purposes and properties
32 retained for purposes of fulfilling an enforceable obligation. With
33 respect to the use or disposition of all other properties, all of the
34 following shall apply:

35 (A) (i) If the plan directs the use or liquidation of the property
36 for a project identified in an approved redevelopment plan, the
37 property shall transfer to the city, county, or city and county.

38 (ii) *For purposes of this subparagraph, the term "identified in*
39 *an approved redevelopment plan" includes properties listed in a*
40 *community plan or a five-year implementation plan.*

1 (B) If the plan directs the liquidation of the property or the use
2 of revenues generated from the property, such as lease or parking
3 revenues, for any purpose other than to fulfill an enforceable
4 obligation or other than that specified in subparagraph (A), the
5 proceeds from the sale shall be distributed as property tax to the
6 taxing entities.

7 (C) Property shall not be transferred to a successor agency, city,
8 county, or city and county, unless the long-range property
9 management plan has been approved by the oversight board and
10 the Department of Finance.

11 *(d) After approval by the Department of Finance, an action*
12 *taken pursuant to subparagraph (A) or (B) of paragraph (2) of*
13 *subdivision (c) that is consistent with the approved plan may not*
14 *be modified or reversed by future action of the Department of*
15 *Finance, and may be relied upon by all public and private entities.*

16 *SEC. 9. (a) Section 7.5 of this bill incorporates amendments*
17 *to Section 34191.4 of the Health and Safety Code proposed by*
18 *both this bill and Assembly Bill 564. It shall become operative*
19 *only if (1) both bills are enacted and become effective on or before*
20 *January 1, 2014, (2) each bill amends Section 34191.4 of the*
21 *Health and Safety Code, and (3) this bill is enacted after Assembly*
22 *Bill 564, in which case Section 7 of this bill shall not become*
23 *operative.*

24 *(b) Section 8.5 of this bill incorporates amendments to Section*
25 *34191.5 of the Health and Safety Code proposed by both this bill*
26 *and Assembly Bill 564. It shall become operative only if (1) both*
27 *bills are enacted and become effective on or before January 1,*
28 *2014, (2) each bill amends Section 34191.5 of the Health and*
29 *Safety Code, and (3) this bill is enacted after Assembly Bill 564,*
30 *in which case Section 8 of this bill shall not become operative.*

31 ~~SEC. 9.~~

32 *SEC. 10. No reimbursement is required by this act pursuant to*
33 *Section 6 of Article XIII B of the California Constitution because*
34 *this act provides for offsetting savings to local agencies or school*
35 *districts that result in no net costs to the local agencies or school*
36 *districts, within the meaning of Section 17556 of the Government*
37 *Code.*

O